

Melstar Information Technologies Limited (Revised)

August 18, 2022

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	14.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	3.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	17.00 (Rs. Seventeen Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 13, 2021, placed the rating(s) of Melstar Information Technologies Limited (MITL) under the 'issuer non-cooperating' category as Melstar Information Technologies Limited had failed to provide information for monitoring of the rating. MITL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 29, 2022, June 08, 2022 and June 18, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on July 13, 2021, the following were the rating strengths and weaknesses (updated for the information available from MCA website):

Key Rating Weaknesses

Delay in debt servicing: There are ongoing delays as there have been overdraws in working capital limits for more than 30 days.

Analytical Approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

About the company

Incorporated in the year 1986, Melstar Information Technologies Limited (MITL), is an ISO 9001:2008, ISO 14001:2004, ISO 27001:2013 and SEI-CMM Level III certified software service company providing IT solutions and skilled manpower catering to Banking, Insurance, IT and Government sectors. Headquartered out of its Mumbai office, MITL also operates branch offices in Bangalore, Chennai, Hyderabad, Gurgaon and Kolkata. The company caters to a reputed clientele.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)	Q1FY23
Total operating income	4.82	11.13	NA
PBILDT	-4.16	-4.45	NA
PAT	-0.10	-4.65	NA
Overall gearing (times)	2.14	-0.85	NA
Interest coverage (times)	-4.81	-16.12	NA

A: Audited; NA= Not Available

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications

*Issuer did not cooperate; Based on best available information

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft		-	-	-	9.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	3.00	CARE D; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020	
1	Fund-based - LT-Cash Credit	LT	5.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (13-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (02-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-19)
2	Fund-based - LT-Bank Overdraft	LT	9.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (13-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (02-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-19)
3	Non-fund-based - ST-BG/LC	ST	3.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (13-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (02-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (23-Apr-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities : Not applicable**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careedge.in. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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